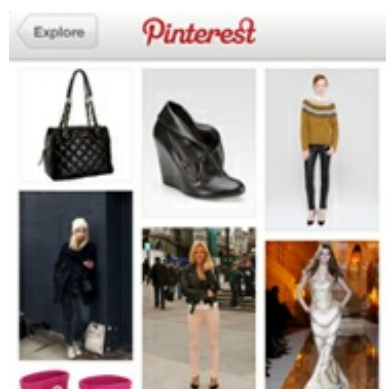


MOBILE

## Is Pinterest's mobile play stronger than Facebook's?

May 22, 2012



By CHANTAL TODE

Pinterest quickly climbed the charts to become the third biggest social network, and these strengths are not lost on the investment community, with a handful of investors shelling out \$100 million to the content-sharing service last week.

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Mobile plays a key role for Pinterest, as consumers increasingly access social networks via their smartphones. The company's latest round of funding, which was lead by Japanese ecommerce giant Rakuten, could be used to build the necessary infrastructure for delivering relevant ads to users as it looks to become a significant force in the world of mobile social commerce.

"Both Facebook's IPO - in which mobile is playing such a crucial role - and Pinterest's \$100 million investment from a leading ecommerce provider highlight the massive opportunity that the intersection of mobile, social and commerce present," said Ann Frisbie, vice president and North America managing director at **InMobi**, San Mateo, CA.

"Marketers have a huge opportunity to use mobile as a commerce sales channel globally, and to do so in a way that leverages the personal and socially connecting power of mobile," she said.

“InMobi believes that mobile-social commerce is one of the largest transformative revolutions that we are undergoing and that this intersection fundamentally changes how consumers find, connect, share and buy products around the world. Those companies that execute against this transformative intersection will be the some of the biggest winners of the future.”

## Winning on mobile

At the same time that Pinterest’s coffers were being filled last week, Facebook introduced its initial public offering. While the highly anticipated IPO valued the social media giant at more than \$100 billion, a lot of questions have been swirling around about the challenges that Facebook faces in monetizing mobile.

Pinterest may not face these same challenges, or at least to the same degree that Facebook does.

“Pinterest's \$100 million raise on a \$1.5 billion valuation is due to having built one of the strongest kinds of businesses on any platform on the most prolific, growing platform in the history of technology,” said Peter Farago, vice president of marketing at [Flurry Analytics](#), San Francisco.

“Pinterest's main challenge will be competition from Facebook, which is very focused on trying to figure out how to win on mobile,” he said.

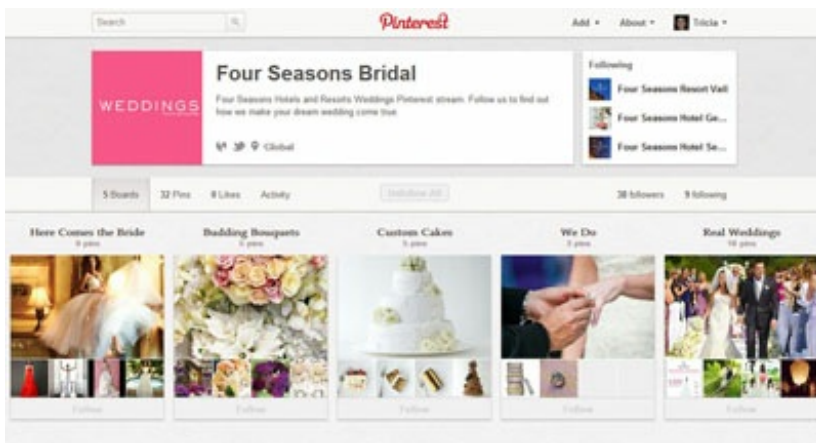
“However, with Pinterest having a very mobile-centric service, they will have fewer of Facebook's challenges of trying to leverage the online advantages built up on the mobile platform.”

In fact it is Pinterest’s strength in mobile that may have attracted the high level of funding, money that could be used to further strengthen its mobile position.

The content aggregation service makes it easier for users to share content socially, something many were doing already. It offers mobile applications and a mobile site that enable users to pin their favorite pictures to digital boards.

“Pinterest couldn’t have gotten the funding without having a strong mobile plan,” said Deborah Hanamura, director of marketing at [Metia](#), Seattle, WA. “Their users are absolutely mobile and want to browse the site on their smartphones.

“Their app is not as effective as their mobile Web site, based on the research and feedback we’ve done so far,” she said. “But I have no doubt that their \$100 million investment is going to be heavily weighed towards mobile and B2C monetization.”



*Four Seasons Bridal Pinterest page*

Social bubble?

The strong valuations seen for Pinterest, Instagram and Facebook point to the significant potential that the investment community sees mobile and social.

However, some would argue that these high valuations could point to a bubble as investors bet too heavily on promises that have not been delivered yet.

“Pinterest is incredibly consumer-oriented, which bodes well for the potential for monetization,” Ms. Hanamura said.

“We might, however, be on the precipice of a social bubble that shouldn’t be ignored,” she said. “We need to look at lessons learned from the foursquare hype that didn’t resonate—as demonstrated by the over-valuation of Instagram, and the frenzied reaction to Facebook’s IPO.”

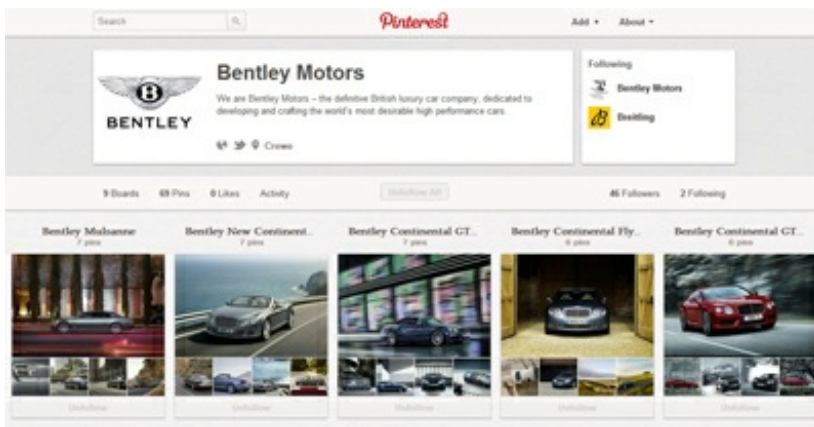
Pinterest is already seeing success with marketers such as Sephora and Amazon, which have integrated the social network into their marketing efforts.

The money raised by the company last week could help it capitalize on these initial successes.

For example, Pinterest could invest the money into building the infrastructure necessary for delivering relevant ads since it has access to rich consumer information.

“Additionally, it would be likely they that look to make brand sponsor partnerships easy to execute, which also requires enabling sponsors to target users,” Flurry Analytics’ Mr. Farago said.

“Finally, I assume that they will build out a large, direct sales force to work with brands and agencies,” he said.



### *Bentley Pinterest page*

#### Copy cats

One of the challenges Pinterest may face in driving further growth is that its model could be easily copied.

For example, while foursquare made a big splash when it first came on the scene, others quickly copied the strategy and incorporate location-based marketing into other social platforms. Consequently, foursquare is no longer as big a force as it once was.

However, with the additional funding, the company may be looking at ways to further differentiate its platform.

“Similar to foursquare, Pinterest is in a risky position,” Metia’s Ms. Hanamura said. “How many other platforms can take what Pinterest has shown us with visual browsing and apply that to multi-use social interactions?”

“We look forward to seeing how Pinterest can take advantage of hardware features on smartphones,” she said. “There’s a huge opportunity to integrate with cameras and make it easy to pin images, but there’s a less simple opportunity to monetize those images.”

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